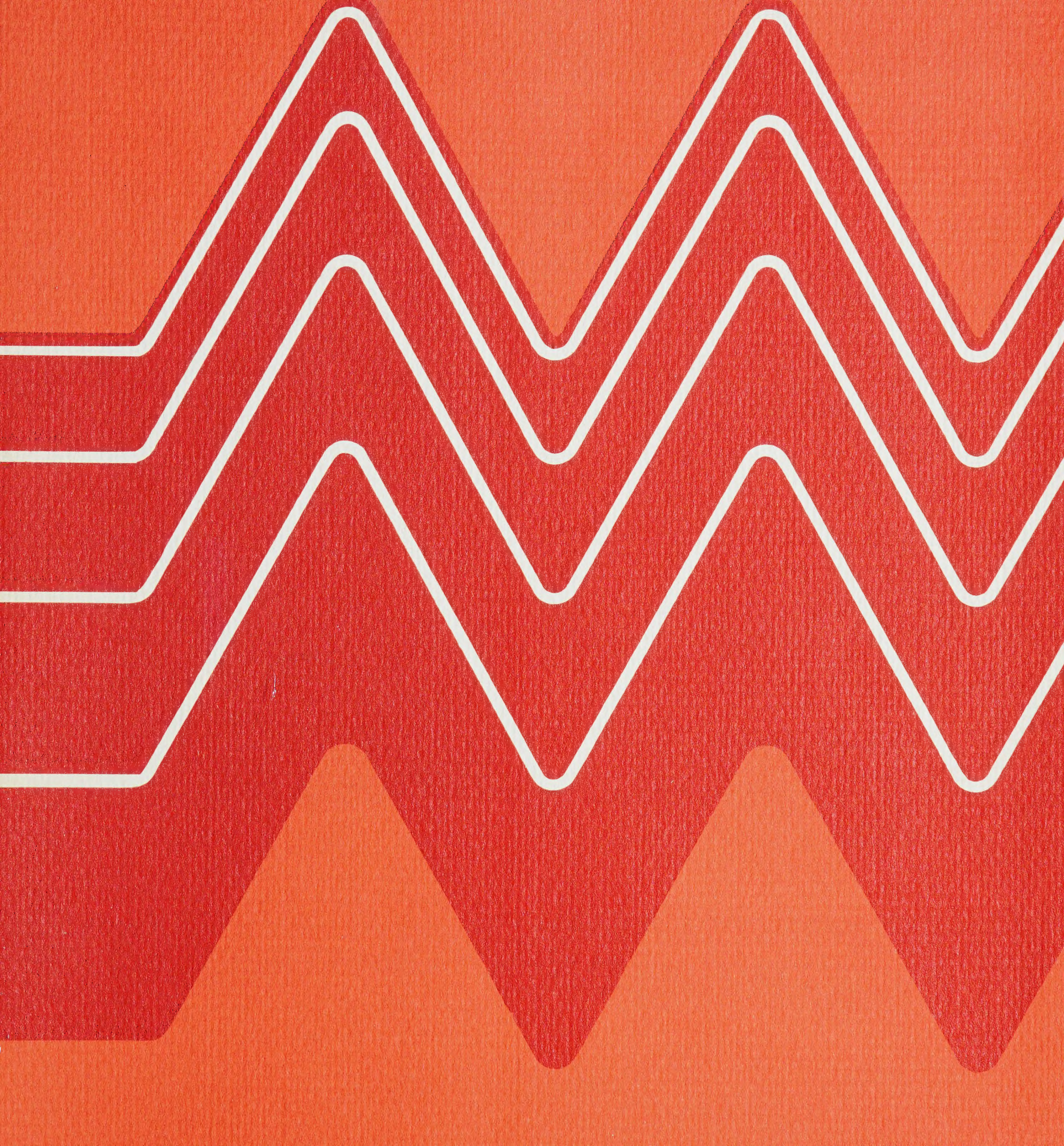

DIRECTORS

Gary T. Brazzell
F. Newton Hughes
J. Blair MacAulay
Donald J. McDonald
J. Ronald Mitchell
Randall L. Moffat
Donna M. Hardstaff
Bennet R. Wong, M.D.

OFFICERS

THE COMPANY

Randall L. Moffat
Chairman of the Board

J. Ronald Mitchell
President

Gary T. Brazzell
Secretary

William A. Davis
Vice-President — Finance and Treasurer

Alden E. Diehl
Vice-President and General Manager,
CKY Radio Division, Winnipeg

Donald M. E. Hamilton
Vice-President and General Manager,
CKLG Division, Vancouver

Thomas E. McBride
Vice-President and General Manager,
CKXL and CHFM-FM, Calgary

Vernon L. Traill
Vice-President and General Manager,
CHAB Division, Moose Jaw

Keith P. James
Vice-President —
Program Development and Research

SUBSIDIARY AND AFFILIATE COMPANIES

J. Sidney Boyling
Vice-President and General Manager,
Winnipeg Videon Limited, Winnipeg

Murray M. Forbes
Vice-President and General Manager,
Radio Station CHED Ltd., Edmonton

James S. Purvis
Vice-President and General Manager,
MTV Limited, (CKY-TV) Winnipeg

Philip W. Reimer
President
Media Tours Limited, Winnipeg

Thomas Turicchi, PhD
President,
Consumer Behavior Center Inc., Dallas

BANK

Canadian Imperial Bank of Commerce

TRANSFER AGENT

Canada Permanent Trust Company

AUDITORS

Deloitte, Haskins & Sells, Chartered Accountants

CORPORATE OFFICE

CKY Building, Polo Park, Winnipeg R3G 0L7

COMBINED FIVE YEAR REVIEW
YEARS ENDED AUGUST 31

	1977	1976	1975	1974	1973
INCOME (000)					
Revenues	$20,479	$17,012	$14,962	$12,828	$10,523
Operating Profit (1)	7,270	6,224	5,399	4,669	3,594
Operating Profit Margin	35.5%	36.6%	36.1%	36.4%	34.2%
Net Income	2,822	2,355	1,875	1,560	1,199
Net Income Profit Margin	13.8%	13.9%	12.5%	12.2%	11.4%
Cash Flow (2)	4,276	3,715	3,275	3,167	2,442
Dividends	578	382	266	240	180
BALANCE SHEET (000)					
Capital Expenditures	$ 1,860	$ 1,764	$ 1,981	$ 1,435	$ 1,100
Working Capital	3,690	1,971	1,027	304	47
Shareholders' Equity	12,792	10,101	8,128	6,519	5,199
Return on Average Shareholders' Equity	24.7%	25.8%	25.6%	26.6%	25.6%
ON A PER SHARE BASIS					
Net Income	$ 1.85	$ 1.57	$ 1.25	$ 1.04	80.0¢
Dividends — Class A (B=85% of A)	38¢	26¢	20¢	16¢	12¢
Cash Flow	2.80	2.48	2.18	2.11	1.63
Book Value	8.25	6.73	5.42	4.35	3.47

(1) Operating Profit — revenues less operating expenses.

(2) Cash Flow — Net income, depreciation and amortization and deferred income taxes less excess of net income of affiliates over dividends received.

moffat communications limited annual report 1977

REPORT TO THE SHAREHOLDERS

Our 1976 Annual Report discussed the philosophy under which this Company operates. It is to provide high quality broadcasting service in the interest of both the public and the shareholders. We have not changed, but rather have vigorously persisted in this policy with continued success.

The ability to earn profits is the ultimate measurement of efficient corporate performance. Profits enable the Company to provide the highest possible level of service, to reward both shareholders and employees, and to provide the earnings for continued investment in facilities. To this end, our net income for the year ended August 31, 1977 totalled $2,822,000 ($1.85 per share) which represents an increase over the previous year of 19.8%.

We believe our earnings record over the past five years, details of which are shown on the page opposite, not only satisfies shareholder criteria but also enables us to attract additional capital as the need arises in the future.

Dividends of $578,000 amounted to 25% of the previous year's net income and, of course, were within the Anti-inflation Board guidelines.

We continued with plans to provide our employees with good working conditions and modern equipment to give them the opportunity to provide the high quality service the public demands. During the 1977 fiscal year to enable more people to avail themselves of our services and to improve operating efficiency and production capability, we spent $1,860,000 for land, buildings and electronic equipment.

RADIO OPERATIONS

Our overall radio rating position, sales and profits improved. However, the new FM regulations have resulted in cost increases and the listener acceptance for the new FM programming in Winnipeg and Calgary was disappointing. Additional programming costs at CKY Winnipeg resulted in that station continuing to show a small loss, although its gross revenue rose 20%. The summer rating position of CKY again showed improvement. At all stations, our efforts concentrate on improvement of the quarter hour average audience.

To better co-ordinate activities between our stations, J. W. McLaughlin was appointed General Manager — Radio Administration and C. A. Nichol, Director of Radio Engineering. We are continuing to upgrade studio production facilities at all our radio stations.

The CRTC did not require an appearance at the Public Hearing when the application by CKXL-AM Calgary for permission to increase its power to 50,000 watts was considered. During 1978, we propose to completely rebuild the CKY-AM transmitter installation.

Our new division, which develops and produces commercial jingles, showed a loss in the first year of operations. A new marketing strategy is now in operation and it will be reviewed in due course.

The CRTC denied our two applications to acquire all the issued and outstanding shares of CKOY Limited, licensee of CKOY-AM and CKBY-FM, serving Ottawa, Ontario. While we proposed continuance of the programming Promise of Performance as interpreted by CKOY Limited, the CRTC decision indicated that it was not satisfied with programming plans of record. That agreement for purchase and sale expired August 31, 1977.

On July 14, 1977, we agreed to purchase the remaining 55% of Radio Station CHED Ltd., and Sibbald Arms Ltd. (owner of the CHED studio building) subject to CRTC approval of the CHED transaction, for an aggregate price of $4,125,000. The CRTC will consider the application to purchase CHED, as a non-appearing item, at a Public Hearing commencing November 15th, 1977. CHED is in a dominant position in the Edmonton market. Since we have been directing its operation since 1965, no change of programming or management is proposed. We expect that the CRTC decision will be announced before December 31, 1977.

TELEVISION

When the new CKY-TV rebroadcasting station at Fisher Branch, Manitoba, began operation on August 1, 1977, the CKY regional television service, together with the full CTV Network service, became available to more than 97% of the people living in Manitoba. We continued our plans to improve production capability. During the 1978 fiscal year we propose to add mobile capacity and to replace the Winnipeg TV transmitter purchased in 1960 when the station commenced operation.

Viewing of Canadian-content programs continues to increase despite fragmentation of audiences by growth in cable penetration of Winnipeg. CKY-TV news programs have paralleled this audience increase. We have made provision to expand regional coverage of events in Manitoba during the coming year and to reciprocate with other CTV affiliates in the delivery by microwave of news coverage of various activities across Canada.

Our continued audience acceptance has resulted in additional revenue and increased profits. From these benefits we will fulfill our commitments to the communities we serve.

VIDEON CABLE TV

This company at August 31, 1977, provided cable service to 74.4% of the households in the Winnipeg licensed area, a total of 105,531 subscribers.

	August 31	
	1977	**1976**
Household Subscribers	105,531	95,373
Households where Cable Service is Available	141,295	135,237
Households in Licensed Area	141,905	137,805

Videon Cable TV can no longer look to increased penetration of the market as a source of funds to

meet increasing costs. As a result, it has filed an application with the CRTC for permission to increase the subscriber rate by 50¢ per month, the first rate increase since commencement of operation in 1968. If this application is approved, individual household subscriber rates will be adjusted to $5.50 per month, still one of the lowest rates in any city in Canada.

In its licence renewal decision, the CRTC imposed as a condition that Videon must become part of a consortium of cable companies to provide microwave delivery of U.S. TV signals throughout the Province of Manitoba. Saskatchewan cable companies have meanwhile been granted permission to pick up U.S. TV signals at our Tolstoi receiving station and they will be serviced by the microwave consortium. Negotiations have started to determine the cost sharing formula throughout this two-province microwave system. Winnipeg cable subscribers are expected to subsidize the microwave delivery cost throughout Manitoba.

Videon Cable TV continues to support Winnipeg professional talent by co-operating with CKY-TV to produce TV shows of network quality. In addition, the community channel, which provides an alternative to the programming of off-air TV stations, continues to attract an ever-growing number of viewers who want to make use of this facility. Mobile capability was added during the year and additional equipment will be added this year to expand community service through this medium.

The CRTC granted permission for Videon Cable TV to transport by microwave the signal of WDAZ-TV, the NBC affiliate presently received off-air at the Winnipeg receiving station, from the Tolstoi receiving station to Winnipeg. The improved quality of WDAZ-TV will be available to subscribers August 1, 1978.

After reaching agreement with the Province of Manitoba with regard to regulation of cable in that province, the Federal Minister of Communications set aside the CRTC decision granting Videon the licence to establish CATV systems at Selkirk and Portage la Prairie, Manitoba and directed the CRTC to reconsider the applications in view of the new agreement that had been reached. Subsequently, these licences were awarded to other applicants. The CRTC continues to insist that, as a minimum, the licensee must own the head-end receiving station and individual subscriber connections.

OTHER DIVISIONS

Our travel companies enjoyed a more profitable year. Part of their activity has been transferred to Vancouver so that the British Columbia and Alberta markets can be served more effectively. EMM/CEE Productions and our two music publishing companies continue to support local writers, composers and performers by preparing tapes for presentation to the record companies for audition purposes. On February 1, 1977, we acquired a 60% interest in Consumer Behavior Center, Inc. of Dallas, Texas. This company engages in pre-testing commercials, using the galvanic skin response technique, for a number of major advertisers in the United States.

GENERAL

James M. Pryor, a long-time and valued member of the Board of Directors of our Company, resigned during the year to devote more time to his other interests.

The Directors approved a new employment agreement with J. Ronald Mitchell providing for his continuance as President and Chief Executive Officer

of our Company. As part of the new agreement, Mr. Mitchell purchased from Treasury 50,000 fully paid common shares in the capital stock of the Company.

At present, operations of our Company are diversified throughout the relatively stable Western Canada region. While the economy appears a little soft at the present time, we are confident that the long term outlook is strong as adjustments continue to be felt as a result of Government policies designed to fight inflation. We nevertheless believe that future expansion into Ontario is desirable, and that we can provide this area with valuable and profitable broadcasting services. We will, therefore, continue to investigate opportunities to expand eastward.

Ours is essentially a service business. As broadcasters, our programming must attract the interest of a loyal, affectionate and viable audience in each of the communities we serve. In providing cable service, we must ensure that subscribers derive the full benefit of efficient service and modern technological improvement. Travellers must find imaginative solutions coupled with cost efficiency and a full range of service. Sponsors must obtain results, in the form of increased sales of their products or services, from advertising campaigns, from commercials produced and from the pretesting of commercials.

Continued growth in earnings as well as the valuable contribution to broadcasting in Canada by our Company are a direct result of the sustained efforts of 381 dedicated and hard-working employees. Total salaries, wages, employee benefits and non-staff talent totalled $7,009,000. We are pleased to acknowledge the fine contribution these employees have made to the success of our Company.

On behalf of the Board,

November 10, 1977

J. Ronald Mitchell,
President.

LE RAPPORT DU PRÉSIDENT EST AUSSI DISPONIBLE EN FRANÇAIS.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED AUGUST 31, 1977
(with 1976 figures for comparison)

	1977	1976
GROSS REVENUE FROM OPERATIONS	$20,478,797	$17,012,027
SHARE OF NET INCOME OF AFFILIATES (note 1)	304,526	262,602
	20,783,323	17,274,629
EXPENSES:		
Operating	13,209,093	10,787,339
Depreciation and amortization	1,250,643	1,146,002
Interest on long-term debt	497,090	520,010
Income taxes — current	2,422,601	1,944,018
— deferred	336,712	305,878
	17,716,139	14,703,247
INCOME BEFORE UNDERNOTED	3,067,184	2,571,382
MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES	245,564	216,382
NET INCOME FOR THE YEAR	2,821,620	2,355,000
RETAINED EARNINGS AT BEGINNING OF THE YEAR	9,529,752	7,556,678
DIVIDENDS (note 5)	(577,646)	(381,926)
RETAINED EARNINGS AT END OF THE YEAR	$11,773,726	$ 9,529,752
NET INCOME PER SHARE	$ 1.85	$ 1.57

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED
As at Au
(with 1976 figu

ASSETS

	1977	1976
CURRENT ASSETS:		
Cash	$ 3,240,606	$ 2,046,990
Accounts receivable	2,519,755	2,116,121
Prepaid expenses	212,005	334,798
Total Current Assets	5,972,366	4,497,909
INVESTMENTS AND ADVANCES (note 2)	1,376,233	813,505
PROPERTY, PLANT AND EQUIPMENT (note 3)	9,570,253	8,972,553
DEFERRED CHARGES	150,041	48,034
EXCESS OF COST OF SHARES OVER NET ASSETS OF SUBSIDIARIES AT DATES OF ACQUISITION	5,446,603	5,446,603
TOTAL	$22,515,496	$19,778,604

ALANCE SHEET
t 31, 1977
for comparison)

LIABILITIES AND SHAREHOLDERS' EQUITY

	1977	1976
CURRENT LIABILITIES:		
Accounts payable and accrued charges	$ 1,006,287	$ 966,513
Income taxes	441,188	565,429
Current portion of long-term debt	40,000	283,470
Unearned income	794,568	711,918
Total Current Liabilities	2,282,043	2,527,330
LONG-TERM DEBT (note 4)	4,665,041	4,957,929
DEFERRED INCOME TAXES	2,079,578	1,742,866
MINORITY INTEREST	696,730	449,463
SHAREHOLDERS' EQUITY:		
Capital stock (note 5)	1,018,378	571,264
Retained earnings	11,773,726	9,529,752
Total Shareholders' Equity	12,792,104	10,101,016
TOTAL	$22,515,496	$19,778,604

Approved by the Board:

Director   Director

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED AUGUST 31, 1977
(with 1976 figures for comparison)

	1977	1976
WORKING CAPITAL PROVIDED:		
Operations	$ 4,349,723	$ 3,763,685
Dividends from affiliated companies	171,000	171,000
Issue of shares	447,114	—
Sale of land and equipment	14,978	29,911
Shares in and advances to subsidiaries by minority shareholders	30,001	7,372
Total	5,012,816	3,971,968
WORKING CAPITAL APPLIED:		
Capital expenditures	1,860,327	1,764,107
Payments to minority shareholders	28,925	514,558
Advance to officer (note 2)	433,775	—
Long-term debt	292,888	287,234
Dividends (including 15% tax)	577,646	381,926
Advances — affiliated company	(2,496)	33,004
Deferred charges	102,007	48,034
Total	3,293,072	3,028,863
INCREASE IN WORKING CAPITAL FOR THE YEAR	1,719,744	943,105
WORKING CAPITAL AT BEGINNING OF THE YEAR	1,970,579	1,027,474
WORKING CAPITAL AT END OF THE YEAR	$ 3,690,323	$ 1,970,579

The accompanying notes are an integral part of the financial statements.

Notes to the Consolidated Financial Statements as at August 31, 1977

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The accounts of all subsidiaries are included in the consolidated statements. The subsidiaries are as follows:

Wholly-owned:

MTV Limited, Emcee Services Ltd., EMM/CEE Productions Ltd., EMM Publishing Ltd., CEE Publishing Ltd., Manipro Ltd. and MCL Corporation.

Partially-owned:

Winnipeg Videon Limited (80% - 74.5% voting), MCL Travel Limited (90%), Media Tours Limited (63%) and its 70% owned subsidiary Media Study Tours Limited, Sunglow Holidays Limited, formerly Marquee Promotions Limited (81.5%) and Consumer Behavior Center Inc. (60%). A re-organization effective September 1, 1977, increased the company's interests in Media Study Tours Limited and Sunglow Holidays Limited from 44.1% to 63% and from 81.5% to 90% respectively.

The excess cost of acquiring businesses over the value assigned to net tangible assets acquired is considered to have ongoing value and is carried in the accounts at cost.

Investments in shares of affiliated companies Radio Station CHED Ltd., and Sibbald Arms Ltd., both 45% owned (See note 8) and Relay Communications Ltd., 50% owned, are carried at cost plus equity share of net income less dividends received.

(b) Depreciation and Amortization

Plant and equipment costs, less 10% residual value, and all leasehold improvement costs are charged to income over estimated useful lives ranging from four to twenty years.

(c) Long-Term Leases

Lease costs are charged to expense based on the average of rental payments throughout the term of the lease. Payments made in excess of the amounts charged to expense are shown on the balance sheet as deferred charges. This account will be reduced by charges to operations in the latter years of the lease when payments will be lower than the average annual rate.

(d) Income Taxes

The tax effect of each item in the Statement of Income is recognized in the current period, regardless of when the tax is paid. Taxes on amounts which affect financial and taxable income in different periods are reported as deferred income taxes.

(e) Translation of Foreign Currencies

The accounts of foreign subsidiary companies have been translated into Canadian dollars on the following basis: current assets and current liabilities at the year end rates of exchange; fixed assets, related depreciation and long-term investments at rates prevailing at dates of acquisition; and revenue and expense items, other than depreciation, at the average rates for the year.

2. INVESTMENTS AND ADVANCES

	1977	1976
Affiliated companies — shares (note 1)	$ 570,399	$ 436,869
— advances	148,390	150,886
Other — at cost (no quoted market value)	223,669	225,750
Advance to officer to purchase shares	433,775	—
	$1,376,233	$ 813,505

Subsequent to August 31, 1977, the advance to an officer which was used to cover the $438,750 purchase price of 50,000 Class B treasury shares was repaid. The shareholders of the Company will be requested at the next annual meeting to pass a special resolution to authorize the Company to loan a like amount to the officer on a long-term basis; the temporary advance has therefore been treated as a non-current asset.

3. PROPERTY, PLANT AND EQUIPMENT

	1977	1976
Cost	$19,058,974	$17,252,990
Accumulated depreciation	9,488,721	8,280,437
Net property, plant and equipment	$ 9,570,253	$ 8,972,553

4. LONG-TERM DEBT

Long-term debt comprises the following:	Long-term	Current
Term bank loan repayable in annual instalments of $250,000 September 1978, $607,000 September 1979 through 1984 and $608,000 in September 1985	$4,500,000	$ —
7% mortgage, repayable in monthly instalments through November 1981	165,041	40,000
	$4,665,041	$ 40,000

The term bank loan is secured by debentures of the Company issued under a Deed of Trust and Mortgage dated November 1, 1965. Interest is at prime bank rate plus 1½% for an effective rate of 9¾% at August 31, 1977. The Company has undertaken that unless it has the bank's consent it will not dispose of its various investments, not pay dividends in any year in excess of 40% of its consolidated net income for the preceding year and not make capital expenditures in excess of prescribed limits.

5. CAPITAL STOCK

Authorized share capital comprises 2,500,000 Class A common shares without par value and 2,500,000 Class B common shares without par value. Both classes of shares are inter-convertible at any time and the only difference in rights of holders of Class A and Class B shares is that the former receive ordinary cash dividends and the latter receive cash dividends paid out of tax-paid undistributed surplus in an amount equivalent to 85% of ordinary cash dividends. As at August 31, 1977, 572,170 Class A and 979,030 Class B shares were issued and outstanding.

In addition to the issue of 50,000 Class B shares referred to in Note 2, 1,200 Class A shares were issued during the year for $8,364 under the Employees' Stock Option Plan. Of the unissued Class A common shares 28,800 have been reserved for allocation to employees under a stock option plan. As at August 31, 1977, options have been granted with respect to (a) 21,000 of these shares at a price of $6.97 per share exercisable on a calendar year basis to December 31, 1979 and (b) 4,000 of these shares at a price of $8.00 per share exercisable on a calendar year basis to October 1, 1981, to a maximum of 20% of the optioned shares each year plus unexercised options of the previous years. The outstanding options have no material dilutive effect on net income per share.

Dividends were paid during the year as follows:	1977	1976
Class A shares — 38¢ per share (1976 — 26¢)	$ 193,532	$ 111,175
Class B shares — 32.3¢ per share (1976 — 22.1¢)	329,460	237,001
15% tax	54,654	33,750
	$ 577,646	$ 381,926

Dividends paid during the year were within the limits established by the Anti-Inflation legislation.

6. LEASE AGREEMENTS

The total lease rental payments for the year ended August 31, 1977 were $657,000 and based on existing lease commitments, will approximate $790,000 in the next three years, $700,000 in 1981 and $625,000 in 1982.

7. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid by the Company and its subsidiaries to directors and senior officers of the Company (as defined by the British Columbia Companies Act) during the year was $762,000 (1976 — $694,000). This includes remuneration of $146,000 (1976 — $148,000) to employees who are among the five highest paid but are not considered to be part of management of the Company.

8. PROPOSED ACQUISITIONS

The Company has agreed to purchase the 55% interests in Radio Station CHED Ltd. and Sibbald Arms Ltd. presently owned by other shareholders for a consideration aggregating $4,125,000, $1,425,000 payable in cash and the balance in equal quarterly instalments over four years with interest at prime bank rate plus 1¼%. The purchases are conditional upon the Company receiving the required approvals from the Canadian Radio-television and Telecommunications Commission. If the purchases are approved, all of the earnings of these companies will accrue to the Company retroactive to September 1, 1977, from which date selling shareholders will receive interest on the purchase price.

To The Shareholders of
Moffat Communications Limited:

We have examined the consolidated balance sheet of Moffat Communications Limited as at August 31, 1977, and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at August 31, 1977, and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Winnipeg, Canada
October 19, 1977.

DELOITTE, HASKINS & SELLS
Chartered Accountants.

ORGANIZATION OF MANAGEMENT

KY58

CKXL

CKY-FM
STEREO 92

CKY
TELEVISION

CKLG

VIDEON Cable TV

MEDIA TOURS
LIMITED

ConsumerBehaviorCenter

CKLG99FM

CHAB

ched

CH96FM

AR11

AR11

moffat communications limited
interim report
SIX MONTHS ENDED FEBRUARY 28, 1977

moffat communications limited

INTERIM FINANCIAL REPORT
(unaudited)
FOR THE SIX MONTHS ENDED FEBRUARY 28, 1977
(with comparative figures for 1976)

	1977	1976
CONSOLIDATED SUMMARY OF INCOME	(000 omitted)	
Revenue from operations	$10,029	$8,448
Income from affiliates	136	116
	10,165	8,564
Expenses:		
Operating	6,160	5,299
Depreciation and amortization	613	558
Interest on debt	287	352
Income taxes	1,510	1,087
	8,570	7,296
Income before minority interest	1,595	1,268
Minority interest	125	98
NET INCOME	$ 1,470	$1,170
Net income per share (Based on weighted average shares outstanding.)	98.0 ¢	78.0 ¢

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	1977	1976
Funds Provided:		
Operations	$ 2,118	$1,940
Dividends from affiliates	86	-
Issue of treasury shares	439	-
Sale of land and equipment	-	86
	2,643	2,026
Funds Applied:		
Long-term debt	270	268
Payments to minority shareholders	2	64
Capital expenditures	839	1,141
Dividends	238	139
Loan to officer to purchase shares	439	-
Advances to affiliates	3	32
Deferred charges	53	-
	1,844	1,644
Increase in working capital	799	382
Working capital - beginning of period	1,971	1,027
Working capital - end of period	$ 2,770	$1,409

TO THE SHAREHOLDERS:

Consolidated net income of Moffat Communications Limited and subsidiaries for the six months ended February 28, 1977 totalled $1,470,000 or 98 ¢ per share, compared to 78 ¢ for the same period in 1976, an improvement of 25.6%.

On March 1, 1977, the Canadian Radio-television and Telecommunications Commission considered our application to acquire all of the shares of CKOY Limited, licensee of CKOY-AM and CKBY-FM serving Ottawa, Ontario. We fully expect that the Commission will announce its decision by April 30, 1977.

Winnipeg Videon Limited (80% owned) will file applications to establish cable systems in the Manitoba communities of Selkirk and Portage la Prairie. These applications will be considered by the CRTC at the Public Hearing that will commence June 7, 1977.

James M. Pryor, a long-time and valued member of the Board of Directors of the Company has resigned as a Director to devote more time to other interests and substantially all of the shares of the Company owned by Mr. Pryor have been purchased privately by a group composed primarily of the senior officers of the Company.

The Directors have approved a new employment agreement with J. Ronald Mitchell providing for his continuing as President and Chief Executive Officer of the Company. As part of the new arrangement, Mr. Mitchell has purchased from treasury 50,000 fully paid common shares in the capital stock of the Company with moneys borrowed from the Company.

The Company has acquired a 60% interest in Consumer Behavior Center, Inc., Dallas, Texas which is engaged in the testing of radio/television commercials, newspaper advertisements and packaging on behalf of a growing number of U. S. clients. In previous years, the Company engaged Dr. Thomas Turicchi, who owns the other 40% of Consumer Behavior Center, Inc. to aid it in evaluating responses to its radio programming.

Your Directors today declared a dividend of 11 ¢ per Class A share and 9.35 ¢ per Class B share payable on May 31, 1977 to shareholders of record April 29, 1977. This is an increase from the 8 ¢ and 6.8 ¢ respectively paid in the previous quarter.

Winnipeg
March 16, 1977

J. Ronald Mitchell,
President

CKLG-AM, FM — Vancouver - 730/99.3
CKXL-AM, CHFM-FM — Calgary - 1140/95.9
CHAB-AM — Moose Jaw - 800
CKY-AM, FM — Winnipeg - 580/92.1
CKY-TV — Winnipeg - Channel 7
    CKYP-TV — The Pas - Channel 12
    CKYF-TV — Flin Flon - Channel 13
    CKYT-TV — Thompson - Channel 9
    CKYS-TV — Snow Lake - Channel 11
CTV Television Network Ltd. (8.3% owned)
Winnipeg Videon Limited — CATV (80% owned)
CHED-AM — Edmonton - 630 (45% owned)
Relay Communications Ltd. (50% owned)
    CKYB-TV — Brandon - Channel 4
    CKYD-TV — Dauphin - Channel 12
Media Tours Limited (63% owned)
Media Study Tours Limited (44.1% owned)
Marquee Promotions Limited (81.5% owned)
Consumer Behavior Center Inc. — Dallas (60% owned)
Emcee Services Ltd.
EMM/CEE Productions Ltd.
EMM Publishing Ltd.
CEE Publishing Ltd.

Executive Office
CKY Building,
Polo Park, Winnipeg, R3G 0L7